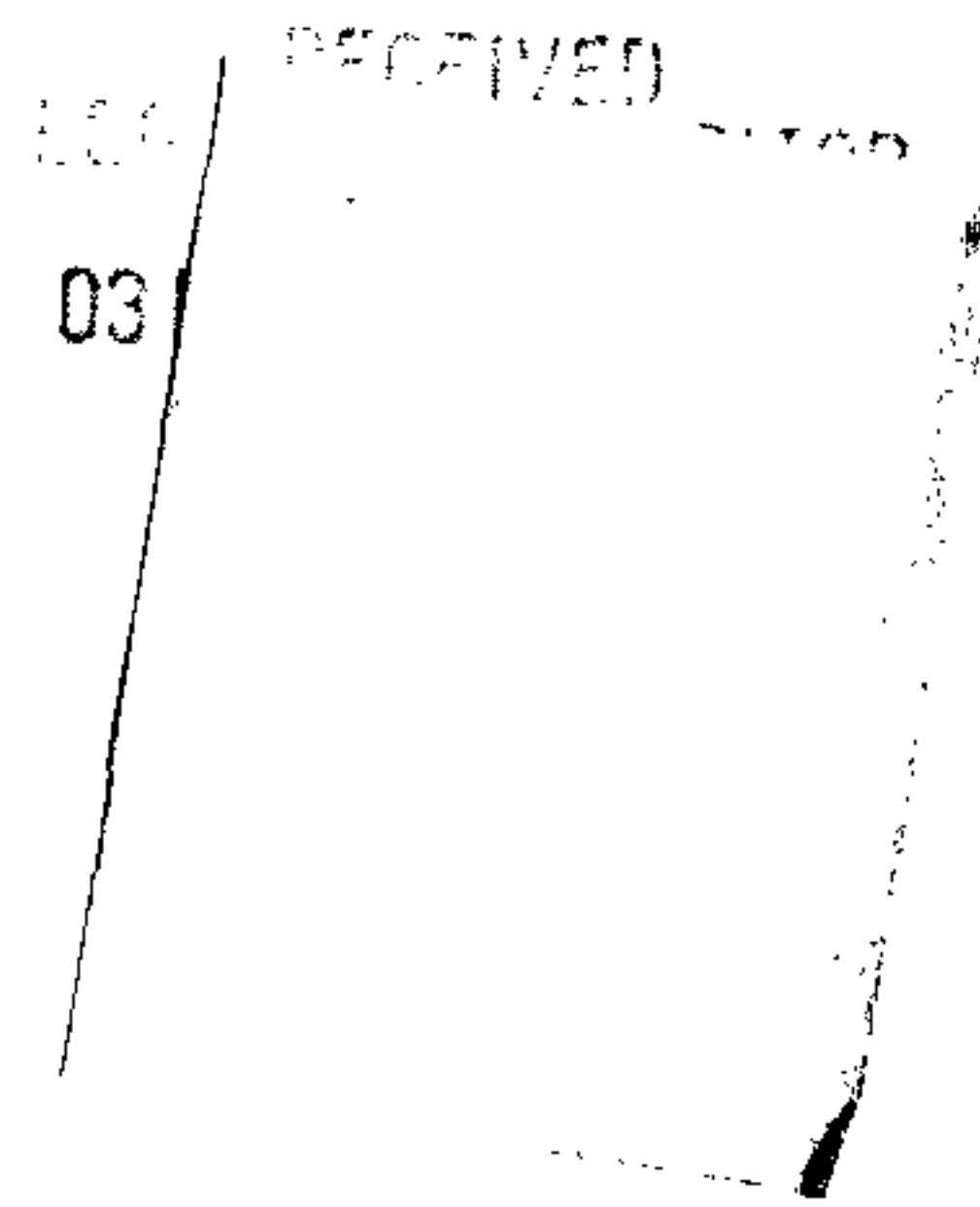


9971



**Alliance For Education, Inc.  
Shreveport, Louisiana**

**Financial Statements With Auditors' Report**

**As of and for the Years Ended June 30, 2003 and 2002**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2-11-04

Alliance For Education, Inc.  
Shreveport, Louisiana

Table of Contents

	<u>Page No.</u>
<b>Independent Auditors' Report</b>	<b>1</b>
<b>Financial Statements:</b>	
<b>Statements of Financial Position</b>	<b>2</b>
<b>Statements of Activities</b>	
For the Year Ended June 30, 2003	<b>3</b>
For the Year Ended June 30, 2002	<b>4</b>
<b>Statements of Cash Flows</b>	<b>5</b>
<b>Notes to Financial Statements</b>	<b>6 – 9</b>
<b>Reports in Accordance With Government Auditing Standards</b>	
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	<b>10 – 11</b>
<b>Summary Schedule of Audit Findings For Louisiana Legislative Auditor</b>	<b>12</b>

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA  
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA  
ALICE E. S. GREEN, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

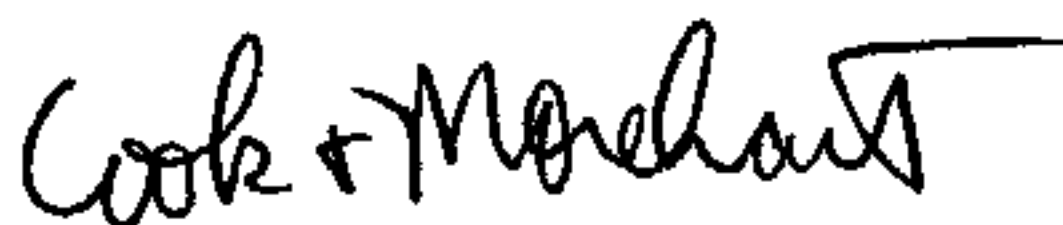
To the Board of Directors  
Alliance For Education, Inc.  
Shreveport, Louisiana

We have audited the accompanying statements of financial position of Alliance For Education, Inc., as of June 30, 2003 and 2002, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Alliance For Education, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Alliance For Education, Inc., as of June 30, 2003 and 2002, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2003 on our consideration of Alliance For Education, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Cook & Morehart  
Certified Public Accountants  
December 3, 2003

Alliance For Education, Inc.  
Shreveport, Louisiana  
Statements of Financial Position  
June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
<b>Assets</b>		
Current assets:		
Cash	\$ 212,387	\$ 286,390
Furniture and equipment:		
Office furniture and equipment	14,705	21,876
Accumulated depreciation	<u>(8,372)</u>	<u>(12,760)</u>
Net furniture and equipment	<u>6,333</u>	<u>9,116</u>
<b>Total Assets</b>	<u><u>\$ 218,720</u></u>	<u><u>\$ 295,506</u></u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 664	\$ 2,471
Net assets:		
Unrestricted:		
Operating	185,261	248,073
Fixed assets	6,333	9,116
Temporarily restricted	<u>26,462</u>	<u>35,846</u>
Total net assets	<u>218,056</u>	<u>293,035</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 218,720</u></u>	<u><u>\$ 295,506</u></u>

The accompanying notes are an integral part of the financial statements.

Alliance For Education, Inc.  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2003

	Unrestricted	Temporarily Restricted	Total
Revenues and Other Support:			
Grants	\$ 173,667	\$	\$ 173,667
Contributions	465,617	31,844	497,461
Miscellaneous	1,205		1,205
Interest income	1,543		1,543
Net assets released from restrictions:			
Satisfaction of restrictions	41,228	(41,228)	
Total revenues and other support	<u>683,260</u>	<u>(9,384)</u>	<u>673,876</u>
Expenses:			
Program services:			
Teacher mini grants	161,473		161,473
Identify future programs	3,263		3,263
After school academy	199,918		199,918
Leadership institute	53,977		53,977
Good neighbor project	22,362		22,362
Path to excellence	112,176		112,176
Character counts	21,525		21,525
High schools that work initiative	1,082		1,082
Kids closet	279		279
Newspaper and education	2,000		2,000
Weather watch	11,201		11,201
Total program services	<u>589,256</u>		<u>589,256</u>
Supporting services:			
Development - fund raising	93,790		93,790
General operations	62,729		62,729
Total supporting services	<u>156,519</u>		<u>156,519</u>
Total expenses	<u>745,775</u>		<u>745,775</u>
Loss on disposition of fixed assets	<u>3,080</u>		<u>3,080</u>
Total expenses and losses	<u>748,855</u>		<u>748,855</u>
Change in net assets	(65,595)	(9,384)	(74,979)
Net assets as of beginning of year	<u>257,189</u>	<u>35,846</u>	<u>293,035</u>
Net assets as of end of year	<u>\$ 191,594</u>	<u>\$ 26,462</u>	<u>\$ 218,056</u>

The accompanying notes are an integral part of the financial statements.

Alliance For Education, Inc.  
Shreveport, Louisiana  
Statement of Activities  
For the Year Ended June 30, 2002

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>Revenues and Other Support:</b>			
Grants	\$ 167,938	\$	\$ 167,938
Contributions	535,264	35,846	571,110
Miscellaneous	1,044		1,044
Interest income	4,775		4,775
Net assets released from restrictions:			
Satisfaction of restrictions	4,397	(4,397)	
Total revenues and other support	<u>713,418</u>	<u>31,449</u>	<u>744,867</u>
<b>Expenses:</b>			
Program services:			
Teacher mini grants	149,254		149,254
After school academy	148,193		148,193
Leadership institute	42,179		42,179
Good neighbor project	1,002		1,002
Path to excellence	109,524		109,524
Character counts	33,599		33,599
High schools that work initiative	34,152		34,152
Weather watch	19,799		19,799
Total program services	<u>537,702</u>		<u>537,702</u>
Supporting services:			
Development - fund raising	69,012		69,012
General operations	91,338		91,338
Total supporting services	<u>160,350</u>		<u>160,350</u>
Total expenses	<u>698,052</u>		<u>698,052</u>
Change in net assets	15,366	31,449	46,815
Net assets as of beginning of year	<u>241,823</u>	<u>4,397</u>	<u>246,220</u>
Net assets as of end of year	<u>\$ 257,189</u>	<u>\$ 35,846</u>	<u>\$ 293,035</u>

The accompanying notes are an integral part of the financial statements.

Alliance For Education, Inc.  
Shreveport, Louisiana  
Statements of Cash Flows  
For the Years Ended June 30, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Operating activities		
Change in net assets	\$ (74,979)	\$ 46,815
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,480	3,313
Loss on disposition of fixed assets	3,080	
Increase (decrease) in operating liabilities:		
Accounts payable	<u>(1,807)</u>	<u>(1,047)</u>
Net cash provided by (used in) operating activities	<u>(71,226)</u>	<u>49,081</u>
Investing Activities		
Payments for property and equipment	<u>(2,777)</u>	<u>(1,302)</u>
Net cash provided by (used in) investing activities	<u>(2,777)</u>	<u>(1,302)</u>
Net increase (decrease) in cash and cash equivalents	(74,003)	47,779
Cash as of beginning of year	<u>286,390</u>	<u>238,611</u>
Cash as of end of year	<u><u>\$ 212,387</u></u>	<u><u>\$ 286,390</u></u>

The accompanying notes are an integral part of the financial statements.

Alliance For Education, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002

(1) Summary of Significant Accounting Policies

A. Nature of Activities

Alliance For Education, Inc., (Alliance), is a private nonprofit organization incorporated under the laws of the State of Louisiana. The mission and purpose of Alliance is to improve the quality of education in Louisiana public schools by marshalling independent, private donations and resources of the community, and by facilitating the coordination of private and public resources.

B. Basis of Accounting

The financial statements of Alliance have been prepared on the accrual basis of accounting.

C. Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

D. Income Tax Status

Alliance is a non-profit corporation and is exempt from state and federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to Alliance's tax-exempt purpose is subject to taxation as unrelated business income. Alliance had no such income for these audit periods.

E. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could differ from those estimates.

F. Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, Alliance considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(Continued)



Alliance For Education, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

**G. Office Furniture and Equipment**

Office furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset. Depreciation expense for the years ended June 30, 2003 and 2002 was \$2,480 and \$3,313, respectively.

**H. Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contractual grant revenue is reported as *unrestricted support due to the restrictions placed on those funds by the funding sources* being met in the same reporting period as the revenue is earned.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as *an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction*. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**I. Retirement Obligations**

The employees of Alliance are members of the Social Security System. There are no other retirement plans available through Alliance.

**J. Functional Allocation of Expenses**

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**(2) Concentrations of Credit Risk**

Financial instruments that potentially subject Alliance to concentrations of credit risk consist principally of temporary cash investments. Alliance maintains cash balances at three financial institutions. At June 30, 2003, \$34,779 was held in accounts covered by Federal Deposit Insurance Corporation (FDIC) and \$200,924 was at an institution which is a member of Securities Investor Protection Corporation (SIPC). At June 30, 2002, \$42,917 was held in accounts covered by Federal Deposit Insurance Corporation (FDIC) and \$279,714 was at an institution which is a member of Securities Investor Protection Corporation (SIPC).

(Continued)

Alliance For Education, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

(3) Temporarily Restricted Net Assets

The temporarily restricted net assets represent donations received with donor imposed restrictions which will be met in the subsequent year.

(4) Third Party Reimbursements

During the years ended June 30, 2003 and 2002, Alliance received revenue under contractual arrangements as follows:

	<u>2003</u>	<u>2002</u>
Louisiana State University in Shreveport, for enhancement of classroom instruction in elementary and secondary schools	\$ 85,000	\$ 85,000
State of Louisiana, Department of Education and State Board of Elementary and Secondary Education, passed through the Caddo Parish School Board, for teacher mini-grants/school impact grants	\$ 73,667	\$ 67,938
State of Louisiana, Office of Governor, Workforce Commission, For High Schools That Work Initiative	\$ 15,000	\$ 15,000

(5) Agreement With Community Foundation of Shreveport-Bossier

During January, 1993 an agreement was made between Caddo Public Education Foundation (CPEF) and the Community Foundation of Shreveport-Bossier (CFS-B). This agreement was to establish a fund in CFS-B in the nature of an endowment to provide current income and long term protection for the operations of CPEF.

The fund was established on the books of CFS-B and known as the "Caddo Public Education Foundation Fund (the Fund)". The Fund is the property of CFS-B. CFS-B has the ultimate authority and control over all property in the Fund. The Fund will be used for the support of the charitable or educational purposes of CPEF. Income from the Fund will be paid and distributed to CPEF at least annually. The Alliance is the successor in interest by merger to CPEF.

(Continued)

Alliance For Education, Inc.  
Shreveport, Louisiana  
Notes to Financial Statements  
June 30, 2003 and 2002  
(Continued)

Since 1993, the Foundation began fund-raising drives to capitalize the Fund. Substantial pledges have been received, with most contributions to be made over a several year period of time. The amounts so collected are remitted by the following month to the Community Foundation of Shreveport-Bossier and in turn help increase the Fund. The Fund's income, subject to nominal CFS-B administrative fees, will be returned to Alliance in the form of grants. During the years ended June 30, 2003 and 2002, Alliance received from the Fund \$48,786 and \$46,998, respectively.

Contributions made to the fund during the years ended June 30, 2003 and 2002 were approximately \$4,500 and \$8,163, respectively. The fair market value of the fund at June 30, 2003 was \$1,184,486, and at June 30, 2002 was approximately \$1,219,510.

(6) Leases

Alliance leases certain office equipment under operating leases. Rental costs for those leases for the year ended June 30, 2003 and 2002 was \$3,822 and \$4,176, respectively. Commitments under lease agreements having initial or remaining non-cancelable terms in excess of one year are as follows:

June 30

2004	\$ 3,822
2005	<u>1,274</u>
	<u>\$ 5,096</u>

# COOK & MOREHART

*Certified Public Accountants*

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

TRAVIS H. MOREHART, CPA  
A. EDWARD BALL, CPA  
VICKIE D. NOBLE, CPA

TELEPHONE (318) 222-5415

FAX (318) 222-5441

RAYEBURN G. COOK (RET.)

C. BRYAN COYLE, CPA  
ALICE E. S. GREEN, CPA

MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

## Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of Directors  
Alliance For Education, Inc.  
Shreveport, Louisiana

We have audited the financial statements of Alliance For Education, Inc. as of and for the year ended June 30, 2003, and have issued our report thereon dated December 3, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the Alliance For Education, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Alliance For Education, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration on the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Directors and awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a long horizontal flourish extending to the right.

Cook & Morehart  
Certified Public Accountants  
December 3, 2003

Alliance For Education, Inc.  
Shreveport, Louisiana  
Summary Schedule of Audit Findings  
Schedule for Louisiana Legislative Auditor  
June 30, 2003

**Summary Schedule of Prior Audit Findings**

**Management Letter**

**Audit Report Not Submitted within Six Months of Year End**

Alliance For Education, Inc. submitted its audit report for the year ended June 30, 2003 within six months of year end.

**Corrective Action Plan for Current Year Audit Findings**

There were no findings or management letter comments for the current year ended June 30, 2003.